

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 NSC-05 IO-11 L-03 ITC-01 AGR-05 OIC-02

STR-04 CEA-01 /082 W

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R 091052Z MAR 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 8627

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

USMISSION OECD PARIS

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DEPARTMENT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: ADIEU PARIS FOR PARIS CLUB?

1. GUY NEBOT OF FRENCH TREASURY, CHAIRMAN OF "PARIS CLUB" ARRANGEMENT OF CREDIT NATIONS, REQUESTED SPECIAL MEETING WITH EMBASSY REPRESENTATIVE TO DISCUSS RECENTLY POSED THREAT TO THIS LEADERSHIP.

2. HE NOTED "PERSONAL" SUGGESTION OF CANADIAN DELEGATE AT RECENT DAC MEETING PREPARING FOR UNCTAD THAT PRESIDENCE OF CREDITORS CLUB BE SHIFTED TO IMF "TO MAKE IT MORE NEUTRAL". NEBOT CONSIDERS THIS VERY DANGEROUS FOR FOLLOWING REASONS:

A. DEBT RESCHEDULING NOW AN EXCEPTIONAL CASE; CHAIRMANSHIP BY A CREDITOR KEEPS IT THIS WAY BY
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DISSUADING LESS NEEDY. IMF PRESIDENCE COULD MAKE

RESCHEDULING AN AUTOMATICALLY REQUESTED COMPLEMENT OF OTHER LOAN REQUESTS.

B. IMF NOT A NEUTRAL PARTY: THE MORE THE CREDITORS CAN BE PURSUADED TO DO, THE LESS IMF NEEDS TO PROVIDE IN STANDBY.

C. SINCE RESCHEDULING IS A LONG-TERM AFFAIR, ASSIMILATION TO IMF WOULD WEAKEN SHORT-TERM MISSION OF FUND; IBRD HENCE A BETTER CANDIDATE.

D. THIS WOULD BE A FORM OF "APPEASEMENT" OF LDC'S WHICH WOULD STILL NOT PREVENT THEM FROM DEMANDING MORE (I.E., A GENERAL DEBT CONFERENCE) IN NORTH-SOUTH CONTEXT. A BETTER CONCESSION IN NEBOT'S OPINION WOULD BE FOR THE PARIS CLUB TO VOLUNTEER TO HAVE A "SPECIAL SESSION" OF ITS OWN TO EXAMINE ALL DEBTORS' SITUATIONS.

3. NEBOT NOTED THAT SINCE MOST DELEGATES CAUGHT BY SURPRISE BY CANADIAN SUGGESTION, OPPOSITION "NOT AS STRONG AS IT SHOULD HAVE BEEN". FOR THIS REASON, FRANCE HAD INSISTED ON ADDING PARAGRAPH EXPRESSING "CERTAIN DELEGATIONS" RESERVATIONS (SEE PARA 5 BELOW). HE CLAIMED U.S. COMMENTS AT MEETING "AMONG MOST FIRM" AND STATED HE WISHED USG TO FULLY UNDERSTAND GOF RESERVATIONS. HE WOULD ALSO APPROACH BRITISH AND GERMANS IN FORTHCOMING BILATERALS, AND URGED US ALSO TO WEIGH IN WITH THEM AGAINST PROPOSAL. GOF MAY "IF TIME PERMITS" CIRCULATE NOTE AMONG CLUB MEMBERS EXPRESSING THESE VIEWS.

4. COMMENT: REQUEST STATE AND TREASURY KEEP US INFORMED OF EVOLUTION OF U.S. THINKING ON SUBJECT IN VIEW OF GOF POSITION AND NEBOT'S COMMENTS.

5. ADDITION TO PARA. 4 PRESIDENT'S SUMMARY IS AS FOLLOWS:

"CERTAINES DELEGATIONS ONT FAIT OBSERVER QUE CETTE SUGGESTION, EN APPARENCE DE PROCEDURE, TOUCHAIT AU FOND. LIMITED OFFICIAL USE

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LES CONSOLIDATIONS DE DETTES EXTERIEURES IMPOSENT AUX PAYS CREANCIERS UNE "AIDE INVOLONTAIRE" ET MODIFIENT DISRRAPPORTS CONTRACTUELS. DE TELLES DEMANDES DOIVENT DONC RESTER RELATIVEMENT EXCEPTIONNELLES ET RESERVES AUX CAS LES PLUS GRAVES, ALORS QUE LA PRESIDENCE DU FMI TENDRAIT A EN FAIRE UN COMPLEMENT NORMAL DES DEMANDES DE CREDIT STAND BY."

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, CREDIT, PERSONNEL ASSIGNMENTS, ORGANIZATION & MANAGEMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS06986
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760088-0927
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760380/aaaacskz.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 31 DEC 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 DEC 2003 by GarlanWA>; APPROVED <03 FEB 2004 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ADIEU PARIS FOR PARIS CLUB?
TAGS: EFIN, FR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006